

**POSTED**  
8/15/97

BEFORE THE  
PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 97-250-W

S.C. PUBLIC SERVICE COMMISSION  
**RECEIVED**  
AUG 14 1997

In RE: )  
Application of Piedmont Water )  
Company, Inc. for Approval to Operate )  
a Water System and for Approval of )  
Schedules of Rates and Charges for Residential )  
Customers in Gauley Falls Subdivision, )  
Pickens, South Carolina )

**TESTIMONY OF  
THOMAS SUTTON**

S. C. PUBLIC SERVICE COMMISSION  
**RECEIVED**  
AUG 15 1997  
UTILITIES DEPARTMENT

1 **Q. Would you please tell the Commission your name and business address.**

2 A. My name is Thomas Sutton and my business address is PO Box 1828, Pawleys Island  
3 SC 29585.

4  
5 **Q. By whom are you employed and in what capacity?**

6 A. I am a residential builder operating along the coast of South Carolina. I am also the  
7 president of Piedmont Water Company, Inc. ("Piedmont"), and am here testifying in  
8 that capacity.

9  
10 **Q. What is your educational background and your training and work experience?**

11 A. I have worked in the water system industry for over ten years. I am currently certified  
12 as a Class D Potable Water Operator. My educational background and training  
13 includes one year of college with several specialty training sessions in different sectors

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1 of the water industry.

2  
3 **Q. What is your role as president of Piedmont?**

4 A. I am responsible for the day-to-day management and oversight of the Applicant's water  
5 system, which serves the Gauley Falls development. Additionally, I function as the  
6 business manager for Piedmont and am involved with customer, vendor and contractor  
7 relations. I also oversee the work performed by Upstate Water Resources, who has  
8 agreed by contract to run Piedmont's day-to-day operations at Gauley Falls.

9  
10 **Q. What is the purpose of your testimony in this proceeding?**

11 A. The purpose of my testimony is to provide the Commission with an overview of the  
12 Applicant and its operations, a description of the area in which the Company is  
13 authorized to provide service, and an outline of the history of the utility. I will also  
14 provide a clear explanation of the Company's need for the rate establishment requested.

15  
16 **Q. Are there any exhibits which you would like to incorporate into your testimony at  
17 this time?**

18 A. Yes there are. At this time, I would like to incorporate the Application filed in this  
19 proceeding with the Commission on May 30, 1997, and along with all of its  
20 accompanying exhibits.

21  
22 **Q. Are there any errors in the application which you would like to correct?**

1 A. No, there are not.

2  
3 **Q. What is the authorized service area of Piedmont?**

4 A. Piedmont is currently authorized to serve the Gauley Falls Subdivision. This  
5 subdivision is located in Pickens, South Carolina, and currently has seventeen  
6 residents. A map of the service area is attached to the application as Exhibit 2.

7  
8 **Q. Please give the Commission a brief overview of the history of the Gauley Falls**  
9 **water system.**

10 A. The Gauley Falls water system was originally constructed in the 1970s and 1980s in  
11 order to serve the then-new Gauley falls development. For several years the system  
12 was owned by the developer of Gauley Falls, Ray Haskett. Mr. Haskett attempted on  
13 more than one occasion to deed the system and responsibility for its maintenance to  
14 other entities. This Commission held a proceeding during 1994 to determine the  
15 responsibility for running the system. On April 28, 1994, the Commission issued  
16 Order No. 94-393 in Docket No. 94-051-W in which is found that Piedmont, Ray  
17 Haskett, and Robbins Brothers, Inc. were at that time jointly responsible for the  
18 system.

19 On May 31, 1995, Gauley Falls Real Estate Development Corporation, then the  
20 owner of the water system, transferred all of its title and interest in the Gauley Falls  
21 water system, associated land, and infrastructure, to Piedmont.

1     **Q.     Is Piedmont providing drinking water service to its customers in conformity with**  
2           **its permit from the South Carolina Department of Health and Environmental**  
3           **Control (“DHEC”)?**

4     A.     Yes. The most recent letter of approval from DHEC was attached to the Application as  
5           Exhibit 9.

6  
7     **Q.     How many customers and of what type does Piedmont currently serve?**

8     A.     Piedmont currently serves seventeen (17) customers, all residential. The system is  
9           currently permitted to provide water service to 141 customers, which is significantly  
10          more than the twelve customers that are now utilizing the system.

11  
12    **Q.     Is the Gauley Falls Subdivision currently built out, and, if not, how many**  
13          **additional lots are available for development?**

14    A.     There are 124 lots which do not have homes. The permitted system capacity is 141  
15          houses. Development of approximately 141 houses is planned in the future.

16  
17    **Q.     Is Piedmont currently receiving any revenues from availability fees paid by lot**  
18          **owners not currently receiving service?**

19    A.     No, we are not.

20  
21    **Q.     Are you aware of any customer dissatisfaction with the Piedmont water service?**

22    A.     No, not at this time. In August of 1996, the South Carolina Department of Health and

1 Environmental Control issued an order listing a number of items relating to the system  
2 that needed attention. That order was followed by two DHEC consent orders which  
3 addressed desired modifications to the system in more detail. During the latter part of  
4 1996, and first part of 1997, we worked closely with DHEC, extensively renovating  
5 and updating the system. The Gauley Falls water system is now in full compliance  
6 with all DHEC requirements. We have an experience operator, Upstate Water  
7 Resources ("Upstate"), who is responsible for day-to-day operations. It is my  
8 understanding that Upstate's policy is to record all complaints and rapidly dispatch  
9 Upstate personnel, usually an experienced individual named Larry Schmidt, to the  
10 customer's location. Upstate tries to immediately remedy any physical service  
11 problems. Upstate generally consults with me on anything more than minor concerns.

12  
13 **Q. What rates have you proposed in exchange for providing water service to the**  
14 **Gauley Falls customers?**

15 **A.** Piedmont proposes a flat residential water rate of \$32.00 per month to its customers.  
16 For swimming pool customers, Piedmont will charge a \$10.00 per month basic a  
17 charge plus commodity charge of \$3.50 per 1,000 gallons. We propose an initial  
18 connection fee of \$800.00 per connection.

19  
20 **Q. How does the proposed water service rate compare to other water service rates**  
21 **approved by the Commission?**

22 **A.** The proposed rate compares favorably with other water service rates recently approved

1 by the Commission. For example, the average bill for Carolina Water Service  
2 Customers, approved by the Commission in May of 1994, is over \$34.22. This is a  
3 rate based upon each customer's usage. The flat rate currently approved for Goat  
4 Island Water and Sewer Company is \$30.00.

5  
6 **Q. What are Gauley Falls' long term prospects under its current ownership and**  
7 **management?**

8 A. In spite of the fact that this system is operating well presently, Piedmont will not be  
9 able to continue in the water business. I now live on the coast, and make my living as  
10 a builder. I am not voluntarily involved in the water service business. Piedmont does  
11 not have the financial wherewithal to continue with its responsibilities long term.

12  
13 **Q. Is Ray Haskett in a position to manage the Gauley Falls water system?**

14 A. It is my understanding that he is not. Mr. Haskett is a real estate salesman and  
15 developer. He has no formal training in running a water system and no desire to  
16 voluntarily run the Gauley Falls system.

17  
18 **Q. Are any individuals or companies currently interested in taking over the Gauley**  
19 **Falls System?**

20 Yes. There are currently two companies who are interested in taking over the Gauley  
21 Falls system. Both companies have a presence in the South Carolina upstate, and both  
22 have long term business goals to provide water and sewer service in that area of our

1 state. Naturally, these companies are waiting to see what rates are established in this  
2 proceeding. They have made it clear that they will only be interested in purchasing the  
3 system if it has commercially reasonable rates.  
4

5 **Q. Is there any other relief that the Applicant is requesting in this proceeding?**

6 A. Yes there is. Piedmont is now the sole owner of the Gauley Falls Water System. In  
7 the past, this issue has been the subject of some uncertainty. We request a ruling from  
8 the Commission placing the certificate and associated responsibility to provide water  
9 service solely in the name of Piedmont. This ruling will be essential to an orderly  
10 transfer of authority and the system to its new owners.  
11

12 **Q. Does this conclude your testimony?**

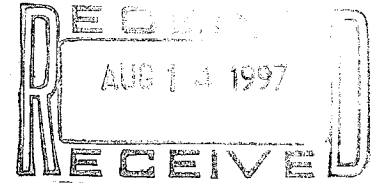
13 A. Yes it does.

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**CERTIFICATE OF  
SERVICE**

This is to certify that I have caused to be served this day, one (1) copy of the **Testimony of Thomas Sutton** upon the parties to this proceeding by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed thereto and addressed as follows:

Elliott F. Elam  
Staff Attorney  
**SC Dept. of Consumer Affairs**  
P.O. Box 5757  
Columbia, SC 29250-5757

  
\_\_\_\_\_  
Carol Roof

August 13, 1997

Columbia, South Carolina

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